

SENATE BILL 343

P1, P2, P3

2lr1336
CF HB 277

By: **Senators Pugh, Benson, Conway, Forehand, Gladden, Jones–Rodwell, Kelley, King, McFadden, Montgomery, Muse, Peters, Ramirez, Raskin, and Rosapepe**

Introduced and read first time: January 30, 2012

Assigned to: Budget and Taxation and Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **State Government – Brokerage and Investment Management Services – Use**
3 **of Minority Business Enterprises – Application**

4 FOR the purpose of making certain additional State units that are responsible for the
5 management of certain funds subject to the requirements under current law
6 that are already applicable to certain units concerning the use of certain
7 minority business enterprise brokerage and investment services firms;
8 specifying that a certain annual report that must be submitted to the Governor
9 and the General Assembly by all of the units that are subject to the minority
10 business enterprise brokerage and investment services firm requirements
11 include diversity information concerning brokerage and investment
12 management services firms in all allocated asset classes; and generally relating
13 to the use of minority business enterprise brokerage and investment
14 management services firms for certain purposes by certain State units.

15 BY repealing and reenacting, without amendments,
16 Article 95 – Treasurer
17 Section 22G(a), (b), (h), and (j)
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2011 Supplement)

20 BY repealing and reenacting, without amendments,
21 Article – Economic Development
22 Section 14–102
23 Annotated Code of Maryland
24 (2008 Volume and 2011 Supplement)

25 BY adding to
26 Article – Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 14–103
2 Annotated Code of Maryland
3 (2008 Volume and 2011 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article – Economic Development
6 Section 14–103
7 Annotated Code of Maryland
8 (2008 Volume and 2011 Supplement)

9 BY adding to
10 Article – Education
11 Section 11–1001 and the new subtitle “Subtitle 11. Use of Minority Business
12 Enterprises for Brokerage and Investment Management Services”
13 Annotated Code of Maryland
14 (2008 Replacement Volume and 2011 Supplement)

15 BY adding to
16 Article – Housing and Community Development
17 Section 4–501.1
18 Annotated Code of Maryland
19 (2006 Volume and 2011 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Insurance
22 Section 20–303
23 Annotated Code of Maryland
24 (2011 Replacement Volume)

25 BY repealing and reenacting, with amendments,
26 Article – Labor and Employment
27 Section 10–122
28 Annotated Code of Maryland
29 (2008 Replacement Volume and 2011 Supplement)

30 BY repealing and reenacting, with amendments,
31 Article – State Finance and Procurement
32 Section 6–222
33 Annotated Code of Maryland
34 (2009 Replacement Volume and 2011 Supplement)

35 BY adding
36 Article – State Finance and Procurement
37 Section 14–306
38 Annotated Code of Maryland
39 (2009 Replacement Volume and 2011 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article – State Personnel and Pensions
3 Section 21–116
4 Annotated Code of Maryland
5 (2009 Replacement Volume and 2011 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – State Personnel and Pensions
8 Section 35–302
9 Annotated Code of Maryland
10 (2009 Replacement Volume and 2011 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article 95 – Treasurer**

14 22G.

15 (a) (1) There is a Local Government Investment Pool. The Local
16 Government Investment Pool consists of the aggregate of all funds from local
17 governments that are placed in the custody of the State and any funds of the State
18 that are placed in the Local Government Investment Pool by the Treasurer for
19 investment and reinvestment.

20 (2) The investment policies for the Local Government Investment Pool
21 shall be established by the Treasurer.

22 (3) The Treasurer shall administer the Local Government Investment
23 Pool on behalf of the participating local governments and, to the extent that State
24 funds are included, on behalf of the State.

25 (4) The Treasurer shall develop such procedures necessary for the
26 efficient administration of the Pool, including:

27 (i) Specification of minimum amounts which may be deposited
28 in the Pool and minimum periods of time for which deposits shall be retained in the
29 Pool;

30 (ii) Payment of amounts equivalent to administrative expenses
31 from the earnings of the Pool; and

32 (iii) Distribution of the earnings in excess of expenses, or
33 allocation of losses, to the several participants in a manner which equitably reflects
34 the differing amount of their respective investments and the differing periods of time
35 for which the amounts were in the custody of the Pool.

1 (b) (1) The Treasurer shall invest moneys in the Local Government
2 Investment Pool in accordance with the provisions set forth in §§ 6–222 and 6–223 of
3 the State Finance and Procurement Article.

4 (2) Notwithstanding any provisions of law to the contrary or any
5 limitation or restriction contained in any other law, the Treasurer may invest, redeem,
6 sell, exchange, and reinvest moneys in the Local Government Investment Pool in
7 bankers' acceptances guaranteed by banking institutions.

8 (h) (1) Subject to the objectives and requirements of this section, the
9 Treasurer shall formulate procedures for the investment and reinvestment of funds in
10 the Investment Pool and the acquisition, retention, management, and disposition of
11 investments of the Investment Pool.

12 (2) (i) The Treasurer may enter into a contractual agreement with
13 a qualified Maryland fiscal agent and may compensate the agent for services rendered.

14 (ii) The agent may perform investment and administrative
15 services which the Treasurer is authorized by this section to perform.

16 (j) For the purposes of this section, "local government" includes all of the
17 legal entities, bodies, and agencies set out in § 22 of this article and local government
18 insurance pools formed under Title 19, Subtitle 6 of the Insurance Article, but does not
19 include the State and agencies of the State.

20 Article – Economic Development

21 14–102.

22 The Department, the Maryland State Office of Minority Business Enterprise,
23 the Division of Labor and Industry of the Department of Labor, Licensing, and
24 Regulation, and the Public Service Commission shall summarize their efforts to
25 promote the policies related to broadening the ownership of capital in their respective
26 annual reports as required by law.

27 14–103.

28 (A) THE DEPARTMENT SHALL ATTEMPT TO USE TO THE GREATEST
29 EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE
30 AND INVESTMENT MANAGEMENT SERVICES FOR ANY FUND ESTABLISHED
31 UNDER THIS ARTICLE CONSISTENT WITH MINORITY BUSINESS PURCHASING
32 STANDARDS APPLICABLE TO UNITS OF STATE GOVERNMENT UNDER THE STATE
33 FINANCE AND PROCUREMENT ARTICLE AND CONSISTENT WITH THE FIDUCIARY
34 DUTIES OF THE DEPARTMENT.

1 **(B) FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND**
2 **INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO**
3 **ALL ALLOCATED ASSET CLASSES.**

4 **(C) (1) TO ASSIST THE DEPARTMENT IN ACHIEVING THE GOAL**
5 **DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT**
6 **SHALL UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL**
7 **PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND**
8 **INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY ANY**
9 **FUND ESTABLISHED UNDER THIS ARTICLE.**

10 **(2) THE MEASURES UNDERTAKEN BY THE DEPARTMENT SHALL**
11 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE**
12 **DEPARTMENT'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED**
13 **RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT**
14 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS ARTICLE.**

15 **(D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY**
16 **AFFAIRS, THE DEPARTMENT SHALL DEVELOP GUIDELINES TO ASSIST IT IN**
17 **IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES**
18 **IN ORDER TO HELP IT ACHIEVE THE OBJECTIVE FOR GREATER USE OF**
19 **MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT**
20 **MANAGEMENT SERVICES UNDER THIS ARTICLE.**

21 **(E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT**
22 **SHALL SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS**
23 **AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE**
24 **GENERAL ASSEMBLY ON:**

25 **(1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE**
26 **BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY ANY**
27 **FUND ESTABLISHED UNDER THIS ARTICLE IN THE IMMEDIATELY PRECEDING**
28 **FISCAL YEAR;**

29 **(2) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS UNDER**
30 **THE CUSTODY OF EACH ENTITY THAT ARE UNDER THE INVESTMENT CONTROL**
31 **OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND INVESTMENT**
32 **MANAGEMENT SERVICES FIRMS IN EACH ALLOCATED ASSET CLASS; AND**

33 **(3) THE MEASURES THE ENTITY UNDERTOOK IN THE**
34 **IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION**
35 **(C)(2) OF THIS SECTION.**

1 [14-103.] 14-104.

2 This subtitle may be cited as the Broadened Ownership Act.

3 **Article – Education**

4 **SUBTITLE 11. USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE**
5 **AND INVESTMENT MANAGEMENT SERVICES.**

6 **11-1001.**

7 **(A) THE COMMISSION SHALL ATTEMPT TO USE TO THE GREATEST**
8 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
9 **AND INVESTMENT MANAGEMENT SERVICES TO THE COMMISSION FOR ANY FUND**
10 **ESTABLISHED UNDER THIS DIVISION III CONSISTENT WITH MINORITY BUSINESS**
11 **PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE GOVERNMENT**
12 **UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND CONSISTENT**
13 **WITH THE FIDUCIARY DUTIES OF THE COMMISSION.**

14 **(B) FOR PURPOSES OF THIS SECTION, BROKERAGE AND INVESTMENT**
15 **MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO ALL**
16 **ALLOCATED ASSET CLASSES.**

17 **(C) (1) TO ASSIST THE COMMISSION IN ACHIEVING THE GOAL**
18 **DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE COMMISSION SHALL**
19 **UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL**
20 **PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND**
21 **INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE**
22 **COMMISSION FOR ANY FUND ESTABLISHED UNDER THIS DIVISION III.**

23 **(2) THE MEASURES UNDERTAKEN BY THE COMMISSION SHALL**
24 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE**
25 **COMMISSION'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED RANGE**
26 **OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT**
27 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE COMMISSION.**

28 **(D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY**
29 **AFFAIRS, THE COMMISSION SHALL DEVELOP GUIDELINES TO ASSIST THE**
30 **COMMISSION IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY**
31 **BUSINESS ENTERPRISES IN ORDER TO HELP THE COMMISSION ACHIEVE THE**
32 **OBJECTIVE FOR GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR**
33 **BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FOR ANY FUND**
34 **ESTABLISHED UNDER THIS DIVISION III.**

1 **(E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE COMMISSION SHALL**
2 **SUBMIT A REPORT TO THE GOVERNOR’S OFFICE OF MINORITY AFFAIRS AND,**
3 **SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**
4 **ASSEMBLY ON:**

5 **(1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE**
6 **BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE**
7 **COMMISSION IN THE IMMEDIATELY PRECEDING FISCAL YEAR;**

8 **(2) THE PERCENTAGE AND DOLLAR VALUE OF THE**
9 **COMMISSION’S ASSETS IN ANY FUND ESTABLISHED UNDER THIS ARTICLE THAT**
10 **ARE UNDER THE INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE**
11 **BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS IN EACH**
12 **ALLOCATED ASSET CLASS; AND**

13 **(3) THE MEASURES THE COMMISSION UNDERTOOK IN THE**
14 **IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION**
15 **(C)(2) OF THIS SECTION.**

16 **Article – Housing and Community Development**

17 **4-501.1.**

18 **(A) THE DEPARTMENT SHALL ATTEMPT TO USE TO THE GREATEST**
19 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
20 **AND INVESTMENT MANAGEMENT SERVICES TO THE DEPARTMENT FOR THE**
21 **FUNDS ESTABLISHED UNDER THIS SUBTITLE CONSISTENT WITH MINORITY**
22 **BUSINESS PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE**
23 **GOVERNMENT UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND**
24 **CONSISTENT WITH THE FIDUCIARY DUTIES OF THE DEPARTMENT.**

25 **(B) FOR PURPOSES OF THIS SECTION, BROKERAGE AND INVESTMENT**
26 **MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO ALL**
27 **ALLOCATED ASSET CLASSES.**

28 **(C) (1) TO ASSIST THE DEPARTMENT IN ACHIEVING THE GOAL**
29 **DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT**
30 **SHALL UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL**
31 **PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND**
32 **INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE**
33 **DEPARTMENT FOR THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.**

34 **(2) THE MEASURES UNDERTAKEN BY THE DEPARTMENT SHALL**
35 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE**

1 DEPARTMENT'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED
2 RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT
3 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE DEPARTMENT FOR
4 THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

5 (D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY
6 AFFAIRS, THE DEPARTMENT SHALL DEVELOP GUIDELINES TO ASSIST IT IN
7 IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES
8 IN ORDER TO HELP THE DEPARTMENT ACHIEVE THE OBJECTIVE FOR GREATER
9 USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT
10 MANAGEMENT SERVICES FOR THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

11 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT
12 SHALL SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS
13 AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
14 GENERAL ASSEMBLY ON:

15 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
16 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE
17 DEPARTMENT IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

18 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS IN THE
19 FUNDS ESTABLISHED UNDER THIS SUBTITLE THAT ARE UNDER THE
20 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND
21 INVESTMENT MANAGEMENT SERVICES FIRMS IN EACH ALLOCATED ASSET
22 CLASS; AND

23 (3) THE MEASURES THE DEPARTMENT UNDERTOOK IN THE
24 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION
25 (C)(2) OF THIS SECTION.

26 **Article – Insurance**

27 20-303.

28 (a) (1) A financial management committee of the Fund shall manage and
29 invest all moneys collected by or for the Fund through premiums, earnings from
30 investments, or from other sources.

31 (2) The financial management committee consists of the Executive
32 Director and two members of the Board of Trustees whom the Board of Trustees
33 chooses.

34 (3) Of the two members from the Board of Trustees:

1 (i) one shall be chosen from the members appointed by the
2 Governor; and

3 (ii) one shall be chosen from the members appointed by the
4 Association.

5 (b) (1) Whenever the amount of moneys in the Fund exceeds the amount
6 that the Executive Director believes is likely to be required immediately, the financial
7 management committee may manage the excess as it considers appropriate and invest
8 the excess in investments legal for casualty insurers under §§ 5–601 through 5–609 of
9 this article.

10 (2) If use of the excess becomes necessary or expedient, the financial
11 management committee may collect, sell, or otherwise realize on the investment and
12 any accrued interest.

13 (c) (1) (i) Consistent with minority business purchasing standards
14 applicable to units of State government under the State Finance and Procurement
15 Article and consistent with the fiduciary duties of the financial management
16 committee, the financial management committee shall attempt to use to the greatest
17 extent feasible minority business enterprises to provide brokerage and investment
18 management services to the committee.

19 (ii) For purposes of this subsection, brokerage and investment
20 management services shall include services relating to all allocated asset classes.

21 (2) (i) To assist it in achieving the goal described under paragraph
22 (1) of this subsection, the financial management committee shall undertake measures
23 to remove any barriers that limit full participation by minority business enterprises in
24 brokerage and investment management services opportunities afforded by the Fund.

25 (ii) The measures undertaken by the financial management
26 committee shall include the use of a wide variety of media, including the Fund's Web
27 site, to provide notice to a broad and varied range of potential providers about the
28 brokerage and investment management services opportunities afforded by the Fund.

29 (3) In conjunction with the Governor's Office of Minority Affairs, the
30 financial management committee shall develop guidelines to assist the committee in
31 identifying and evaluating qualified minority business enterprises in order to help the
32 Fund achieve the objective for greater use of minority business enterprises for
33 brokerage and investment management services.

34 (4) On or before September 1 each year, the financial management
35 committee shall submit a report to the Governor's Office of Minority Affairs and,
36 subject to § 2–1246 of the State Government Article, the General Assembly on:

1 (i) the identity of the minority business enterprise brokerage
2 and investment management services firms used by the financial management
3 committee in the immediately preceding fiscal year;

4 (ii) the percentage and dollar value of the Fund assets that are
5 under the investment control of minority business enterprise brokerage and
6 investment management services firms **IN EACH ALLOCATED ASSET CLASS**; and

7 (iii) the measures the financial management committee
8 undertook in the immediately preceding fiscal year in accordance with paragraph
9 (2)(ii) of this subsection.

10 **Article – Labor and Employment**

11 10–122.

12 (a) Consistent with minority business purchasing standards applicable to
13 units of State government under the State Finance and Procurement Article and
14 consistent with the fiduciary duties of the Board, the Board shall attempt to use to the
15 greatest extent feasible minority business enterprises to provide brokerage and
16 investment management services to the Board.

17 (b) For purposes of this section, brokerage and investment management
18 services shall include services relating to all allocated asset classes.

19 (c) (1) To assist it in achieving the goal described under subsection (a) of
20 this section, the Board shall undertake measures to remove any barriers that limit full
21 participation by minority business enterprises in brokerage and investment
22 management services opportunities afforded by the Fund.

23 (2) The measures undertaken by the Board shall include the use of a
24 wide variety of media, including the Board's website, to provide notice to a broad and
25 varied range of potential providers about the brokerage and investment management
26 services opportunities afforded by the Fund.

27 (d) In conjunction with the Governor's Office of Minority Affairs, the Board
28 shall develop guidelines to assist it in identifying and evaluating qualified minority
29 business enterprises in order to help the Fund achieve the objective for greater use of
30 minority business enterprises for brokerage and investment management services.

31 (e) On or before September 1 each year, the Board shall submit a report to
32 the Governor's Office of Minority Affairs and, subject to § 2–1246 of the State
33 Government Article, the General Assembly on:

34 (1) the identity of the minority business enterprise brokerage and
35 investment management services firms used by the Board in the immediately
36 preceding fiscal year;

1 (i) are registered with the Securities and Exchange
2 Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as
3 amended;

4 (ii) are operated in accordance with Rule 2A-7 of the
5 Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

6 (iii) have received the highest possible rating from at least one
7 nationally recognized statistical rating organization as designated by the United
8 States Securities and Exchange Commission; and

9 (8) any investment portfolio created under the Maryland Local
10 Government Investment Pool defined under Article 95, § 22G of the Code that is
11 administered by the Office of the State Treasurer.

12 (b) The Treasurer may sell, redeem, or exchange an investment or
13 reinvestment made under this section in accordance with the limitations of this
14 section.

15 (c) Subject to § 2-1246 of the State Government Article, the Treasurer shall
16 report by January 3 of each year to the General Assembly on investment activities for
17 unexpended or surplus money over which the Treasurer has custody which have been
18 conducted during the previous fiscal year. At a minimum, the report shall specify for
19 General Fund investments and all other investments:

20 (1) the inventory of investments with maturity dates and the book and
21 market value as of June 30;

22 (2) the net income earned;

23 (3) the percentage share of each category of investment in the
24 portfolio; and

25 (4) any sale of investments prior to the maturity date.

26 (d) An investment made pursuant to this section shall be made:

27 (1) with the care, skill, prudence, and diligence under the
28 circumstances then prevailing that a prudent person acting in a like capacity and
29 familiar with such matters would use in the conduct of an enterprise of a like
30 character and with like aims;

31 (2) in a manner designed to reasonably match the anticipated cash
32 flow of the State so that sufficient funds are available to pay obligations upon proper
33 presentation for payment;

1 (3) so that a reasonable amount of cash or cash equivalents is
2 available for unanticipated cash needs;

3 (4) with due regard for minimizing risk while maximizing return;

4 (5) using competitive purchasing practices except when impractical;

5 (6) in accordance with a written investment policy;

6 (7) so that the securities and collateral may continue to be priced on a
7 market to market basis; and

8 (8) to avoid the enhancement of the personal financial position of the
9 Treasurer or any employee of the Treasurer who has responsibilities for such
10 investments.

11 (e) (1) (i) Consistent with minority business purchasing standards
12 applicable to units of State government under this article and consistent with the
13 fiduciary duties of the Treasurer, the Treasurer shall attempt to use to the greatest
14 extent feasible minority business enterprises for brokerage and investment
15 management services under this section.

16 (ii) For purposes of this subsection, brokerage and investment
17 management services shall include services relating to all allocated asset classes as
18 described in subsection (a) of this section.

19 (2) (i) To assist the Treasurer in achieving the goal described
20 under paragraph (1) of this subsection, the Treasurer shall undertake measures to
21 remove any barriers that limit full participation by minority business enterprises in
22 brokerage and investment management services opportunities afforded under this
23 section.

24 (ii) The measures undertaken by the Treasurer shall include the
25 use of a wide variety of media, including the Treasurer's website, to provide notice to a
26 broad and varied range of potential providers about the brokerage and investment
27 management services opportunities afforded by the Treasurer.

28 (3) In conjunction with the Governor's Office of Minority Affairs, the
29 Treasurer shall develop guidelines to assist in identifying and evaluating qualified
30 minority business enterprises in order to help the Treasurer achieve the objective for
31 greater use of minority business enterprises for brokerage and investment
32 management services under this section.

33 (4) On or before September 1 each year, the Treasurer shall submit a
34 report to the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State
35 Government Article, the General Assembly on:

1 (i) the identity of the minority business enterprise brokerage
2 and investment management services firms used by the Treasurer in the immediately
3 preceding fiscal year;

4 (ii) the percentage and dollar value of the assets under the
5 custody of the Treasurer that are under the investment control of minority business
6 enterprise brokerage and investment management services firms **FOR EACH**
7 **ALLOCATED ASSET CLASS**; and

8 (iii) the measures the Treasurer undertook in the immediately
9 preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

10 **14-306.**

11 **(A) (1) THIS SECTION APPLIES TO:**

12 **(I) THE STATE TREASURER IN ACCORDANCE WITH § 6-222**
13 **OF THIS ARTICLE;**

14 **(II) THE DEPARTMENT OF ECONOMIC AND COMMUNITY**
15 **DEVELOPMENT IN ACCORDANCE WITH § 14-103 OF THE ECONOMIC**
16 **DEVELOPMENT ARTICLE;**

17 **(III) THE MARYLAND HIGHER EDUCATION COMMISSION IN**
18 **ACCORDANCE WITH § 11-1001 OF THE EDUCATION ARTICLE;**

19 **(IV) THE DEPARTMENT OF HOUSING AND COMMUNITY**
20 **DEVELOPMENT IN ACCORDANCE WITH § 4-501.1 OF THE HOUSING AND**
21 **COMMUNITY DEVELOPMENT ARTICLE;**

22 **(V) THE MARYLAND INSURANCE FUND IN ACCORDANCE**
23 **WITH § 20-303 OF THE INSURANCE ARTICLE;**

24 **(VI) THE INJURED WORKERS INSURANCE FUND IN**
25 **ACCORDANCE WITH § 10-122 OF THE LABOR AND EMPLOYMENT ARTICLE; AND**

26 **(VII) THE STATE RETIREMENT AND PENSION SYSTEM IN**
27 **ACCORDANCE WITH §§ 21-116 AND 35-302 OF THE STATE PERSONNEL AND**
28 **PENSIONS ARTICLE.**

29 **(2) IN ADDITION TO THE UNITS LISTED IN PARAGRAPH (1) OF**
30 **THIS SUBSECTION, THIS SECTION APPLIES TO ANY OTHER STATE UNIT**
31 **DESIGNATED BY THE BOARD OF PUBLIC WORKS AND WITH RESPONSIBILITY**
32 **FOR THE MANAGEMENT OF FUNDS ENTRUSTED TO THE UNIT.**

1 **(B) (1) (I)** A UNIT SUBJECT TO THIS SECTION SHALL ATTEMPT TO
2 USE TO THE GREATEST EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO
3 PROVIDE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES TO THE UNIT
4 CONSISTENT WITH MINORITY BUSINESS PURCHASING STANDARDS APPLICABLE
5 TO UNITS OF STATE GOVERNMENT UNDER THIS TITLE AND CONSISTENT WITH
6 THE FIDUCIARY DUTIES OF THE UNIT.

7 **(II)** FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND
8 INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO
9 ALL ALLOCATED ASSET CLASSES.

10 **(2) (I)** TO ASSIST A UNIT IN ACHIEVING THE GOAL DESCRIBED
11 UNDER PARAGRAPH **(1)** OF THIS SUBSECTION, THE UNIT SHALL UNDERTAKE
12 MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY
13 MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT
14 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS SUBTITLE.

15 **(II)** THE MEASURES UNDERTAKEN BY THE UNIT SHALL
16 INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE UNIT'S WEB
17 SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED RANGE OF POTENTIAL
18 PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES
19 OPPORTUNITIES AFFORDED BY THE UNIT.

20 **(3)** IN CONSULTATION WITH THE GOVERNOR'S OFFICE OF
21 MINORITY AFFAIRS, A UNIT SHALL DEVELOP GUIDELINES TO ASSIST THE UNIT
22 IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS
23 ENTERPRISES IN ORDER TO HELP THE UNIT ACHIEVE THE OBJECTIVE FOR
24 GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND
25 INVESTMENT MANAGEMENT SERVICES.

26 **(4)** ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE UNIT SHALL
27 SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,
28 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
29 ASSEMBLY ON:

30 **(I)** THE IDENTITY OF THE MINORITY BUSINESS
31 ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS
32 USED BY THE UNIT IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

33 **(II)** THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS
34 THAT ARE UNDER THE CONTROL OF THE UNIT THAT ARE UNDER THE
35 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND

1 INVESTMENT MANAGEMENT SERVICES FIRMS FOR EACH ALLOCATED ASSET
2 CLASS; AND

3 (III) THE MEASURES THE UNIT UNDERTOOK IN THE
4 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH PARAGRAPH
5 (2)(II) OF THIS SUBSECTION.

6 Article – State Personnel and Pensions

7 21–116.

8 (a) By resolution, the Board of Trustees shall specify the powers of the
9 Investment Committee.

10 (b) The Investment Committee shall advise the Board of Trustees and make
11 recommendations on:

12 (1) the investment programs;

13 (2) compliance of the investment programs with the policies of the
14 Board of Trustees; and

15 (3) bonding for employees of the State Retirement Agency in the form
16 and amount required by law.

17 (c) (1) Subject to subsection (d) of this section, the Board of Trustees shall
18 adopt an investment policy manual that details:

19 (i) the functions of the Investment Division of the State
20 Retirement Agency;

21 (ii) the goals and objectives of the several investment programs;
22 and

23 (iii) the policies that govern the selection and retention of
24 investments.

25 (2) The Investment Committee shall:

26 (i) prepare and maintain the investment policy manual; and

27 (ii) submit the investment policy manual, and any subsequent
28 amendments to the manual, to the Board of Trustees for approval.

29 (d) (1) (i) Consistent with minority business purchasing standards
30 applicable to units of State government under the State Finance and Procurement

1 Article and consistent with the fiduciary duties of the Board of Trustees, the Board of
2 Trustees shall direct the Investment Committee to attempt to use to the greatest
3 extent feasible minority business enterprises to provide brokerage and investment
4 management services to the Board.

5 (ii) For purposes of this subsection, brokerage and investment
6 management services shall include services relating to all allocated asset classes.

7 (2) (i) To assist it in achieving the goal described under paragraph
8 (1) of this subsection, the Investment Committee shall undertake measures to remove
9 any barriers that limit full participation by minority business enterprises in brokerage
10 and investment management services opportunities afforded under this title.

11 (ii) The measures undertaken by the Investment Committee
12 shall include the use of a wide variety of media, including the State Retirement
13 Agency's website, to provide notice to a broad and varied range of potential providers
14 about the brokerage and investment management services opportunities afforded by
15 the State Retirement Agency.

16 (3) In consultation with the Governor's Office of Minority Affairs and
17 the Investment Committee, the Board of Trustees shall develop guidelines to assist
18 the Investment Committee in identifying and evaluating qualified minority business
19 enterprises in order to help the State Retirement Agency achieve the objective for
20 greater use of minority business enterprises for brokerage and investment
21 management services.

22 (4) On or before September 1 each year, the Investment Committee
23 shall submit a report to the Board of Trustees, the Governor's Office of Minority
24 Affairs and, subject to § 2-1246 of the State Government Article, the General
25 Assembly on:

26 (i) the identity of the minority business enterprise brokerage
27 and investment management services firms used by the Investment Committee in the
28 immediately preceding fiscal year;

29 (ii) the percentage and dollar value of the assets that are under
30 the control of the Investment Committee that are under the investment control of
31 minority business enterprise brokerage and investment management services firms
32 **FOR EACH ALLOCATED ASSET CLASS;** and

33 (iii) the measures the Investment Committee undertook in the
34 immediately preceding fiscal year in accordance with paragraph (2)(ii) of this
35 subsection.

36 35-302.

1 **(A)** Assets of the supplemental retirement plans may be deposited and
2 invested in accordance with the investment elections allowed under the supplemental
3 retirement plans notwithstanding any other law limiting the types of investments that
4 may be made with State funds or imposing conditions on the deposit of State funds.

5 **(B) (1) (I) THE BOARD SHALL ATTEMPT TO USE TO THE GREATEST**
6 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
7 **AND INVESTMENT MANAGEMENT SERVICES TO THE BOARD CONSISTENT WITH**
8 **MINORITY BUSINESS PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE**
9 **GOVERNMENT UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND**
10 **CONSISTENT WITH THE FIDUCIARY DUTIES OF THE BOARD.**

11 **(II) FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND**
12 **INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO**
13 **ALL ALLOCATED ASSET CLASSES.**

14 **(2) (I) TO ASSIST IT IN ACHIEVING THE GOAL DESCRIBED**
15 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD SHALL UNDERTAKE**
16 **MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY**
17 **MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT**
18 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS TITLE.**

19 **(II) THE MEASURES UNDERTAKEN BY THE BOARD SHALL**
20 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE STATE**
21 **RETIREMENT AGENCY'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND**
22 **VARIED RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND**
23 **INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE**
24 **STATE RETIREMENT AGENCY.**

25 **(3) IN CONSULTATION WITH THE GOVERNOR'S OFFICE OF**
26 **MINORITY AFFAIRS, THE BOARD SHALL DEVELOP GUIDELINES TO ASSIST THE**
27 **BOARD IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS**
28 **ENTERPRISES IN ORDER TO HELP THE STATE RETIREMENT AGENCY ACHIEVE**
29 **THE OBJECTIVE FOR GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR**
30 **BROKERAGE AND INVESTMENT MANAGEMENT SERVICES.**

31 **(4) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE BOARD SHALL**
32 **SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,**
33 **SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**
34 **ASSEMBLY ON:**

35 **(I) THE IDENTITY OF THE MINORITY BUSINESS**
36 **ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS**
37 **USED BY THE BOARD IN THE IMMEDIATELY PRECEDING FISCAL YEAR;**

1 **(II) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS**
2 **THAT ARE UNDER THE CONTROL OF THE BOARD THAT ARE UNDER THE**
3 **INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND**
4 **INVESTMENT MANAGEMENT SERVICES FIRMS FOR EACH ALLOCATED ASSET**
5 **CLASS; AND**

6 **(III) THE MEASURES THE BOARD UNDERTOOK IN THE**
7 **IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH PARAGRAPH**
8 **(2)(II) OF THIS SUBSECTION.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2012.